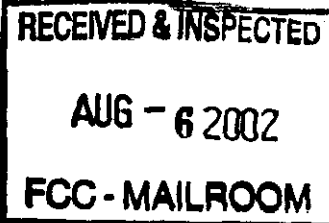


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August 1, 2002

Marlene H. Dortch
Office of the Secretary
Federal Communications Commission
445 Twelfth Street, S.W.
Washington, D.C. 20024

CC: 96-45

RE: Petition by the Public Utilities Commission of the
State of Colorado to Redefine the Service Area of
CenturyTel of Eagle, Inc., Pursuant to 47 CFR § 54.207(c)

Dear Madam Dortch:

Enclosed are the original and four copies of the Petition by the Public Utilities Commission of the State of Colorado for FCC agreement to redefine the service area of CenturyTel of Eagle, Inc. This Petition is filed pursuant to 47 CFR § 54.207(c).

Also enclosed is a copy of the first page of the Petition and a stamped, self-addressed envelope. Please stamp this page and mail it back to me for our records

Thank you for your assistance in this matter. If you have any questions regarding this Petition, I can be reached at (303) 866-5136.

Sincerely,

FOR THE ATTORNEY GENERAL

ANTHONY MARQUEZ
First Assistant Attorney General
State Services Section
(303) 866-5380
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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C.

In the Matter of:

PETITION BY THE COLORADO PUBLIC UTILITIES
COMMISSION, PURSUANT TO 47 CFR § 54.207(C), FOR
COMMISSION AGREEMENT IN REDEFINING THE
SERVICE AREA OF CENTURYTEL OF EAGLE, INC., A
RURAL TELEPHONE COMPANY.

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SUMMARY

The Public Utilities Commission of the State of Colorado (COPUC or Petitioner) files this Petition pursuant to the provisions of 47 CFR § 54.207(c). Under that rule, a state commission may request (by petition) Commission agreement to define the service area of a rural telephone company to be an area other than the rural company's study area. Petitioner now seeks Commission agreement to redefine the service area of CenturyTel of Eagle, Inc. CenturyTel is an incumbent rural telephone company operating within Colorado, and has been designated an Eligible Telecommunications Carrier (ETC) in its service area, in accordance with 47 CFR § 54.201.¹

~~*~~ Presently, CenturyTel's service area (*i.e.* its study area)² in Colorado comprises 53 separate wire centers. Those wire centers are, in large part, non-contiguous and spread throughout the entirety of the state. Under federal law, any telephone company seeking certification as a competitive ETC in CenturyTel's service area must stand ready to provide supported services throughout the entirety of CenturyTel's expansive service area. That requirement is excessively burdensome for any potential new entrant.

Petitioner notes that CenturyTel recently elected to disaggregate and target universal service support pursuant to Path 3. *See* 47 CFR § 54.315(d). That is,

¹ Designation as an ETC enables CenturyTel to receive federal universal service support under Commission rules.

² A rural company's service area is defined as its study area, until the state commission and the Commission both agree to redefine that company's service area. *See* 47 CFR § 54.207(b).

~~X~~ CenturyTel has elected to disaggregate universal service support to the wire center level. Recently, COPUC adopted rules directing that a rural company's selected path for disaggregation of universal service support (under Rule 54.315) will also serve as its new service area. Since universal service support for CenturyTel has already been disaggregated and targeted, no reason exists to delay redefinition of its service area.

~~X~~ COPUC, in this Petition, requests Commission agreement that CenturyTel's service area be redefined in the same manner as support has been disaggregated, that is, to the wire center level.

I. INTRODUCTION

COPUC is a state commission as that term is defined in 47 U.S.C. § 153(41). See § 40-2-101, Colorado Revised Statutes. Pursuant to 47 CFR. §54.207, the rule implementing 47 U.S.C. §214(e)(5) of the Telecommunications Act of 1996 (Act), COPUC petitions the Commission for agreement with COPUC's service area designations for CenturyTel of Eagle, Inc. (Study Area Code 462185). CenturyTel is a rural telephone company, and, therefore, under 47 U.S.C § 214(e)(5), both the Commission and COPUC must agree if CenturyTel's service area is to be redefined as an area other than its study area.

~~X~~ (By this Petition, COPUC seeks service area designations which differ from CenturyTel's study area. Specifically, Petitioner requests Commission agreement to redefine CenturyTel's service area consistent with CenturyTel's recently elected method of disaggregating and targeting its federal universal service support. On May 15, 2002, CenturyTel, in accordance with 47 CFR § 54.315, filed with COPUC and the Commission its plan to disaggregate and target high-cost universal support. See

Attachment 1. CenturyTel elected to disaggregate support under Path 3 (47 CFR § 54.315(d)), establishing two zones for its study area and assigning each of its 53 wire centers to one of the two zones.

As more fully articulated below, ^XPetitioner seeks Commission agreement to designate each individual wire center of CenturyTel as a separate service area for the purpose of designating competitive ETCs in CenturyTel's territory. Such action will promote competition in CenturyTel's service areas.

II. PETITION FOR CONCURRENCE WITH COPUC'S ESTABLISHMENT OF SERVICE AREAS AS THE RESPECTIVE INDIVIDUAL WIRE CENTERS OF CENTURYTEL OF EAGLE, INC.

A. Applicable Law.

The Act requires designation of ETCs for the purpose of implementing its universal service provisions. Under the Act, state commissions are to designate companies as ETCs for specific "service areas." *See* 47 U.S.C § 214(e)(2). The term "service area" is defined in 47 U.S.C. §214(e)(5) as:

[A] geographic area established by a State commission for the purpose of determining universal service obligations and support mechanisms. In the case of an area served by a rural telephone company, "service area" means such company's "study area" unless and until the Commission and the States, after taking into account recommendations of a Federal-State Joint Board instituted under section 410(c), establish a different definition of service area for such company.

Therefore, in the case of a rural telephone company, such as CenturyTel, the company's service area is its study area until both the state commission and the Commission itself agree on a different service area.

Commission Rule 47 C.F.R. §54.207(c)(1) implements § 214(e)(5). In particular, the rule provides:

(1) A state commission or other party seeking the Commission's agreement in redefining a service area served by a rural telephone company shall submit a petition to the Commission. The petition shall contain:

- (i) The definition proposed by the state commission; and
- (ii) The state commission's ruling or other official statement presenting the state commission's reasons for adopting its proposed definition, including an analysis that takes into account the recommendations of any Federal-State Joint Board convened to provide recommendations with respect to the definition of a service area served by a rural telephone company.

The designation of service areas impacts the ease with which competition can enter rural areas. Specifically, 47 U.S.C. § 214(e)(1) of the Act, in part, requires any company seeking designation as an ETC to provide the services supported by the federal universal service support mechanism "throughout the service area" for which the designation is sought. *Accord* 47 CFR § 54.201(d). The broader the service area, the more daunting the task facing a potential competitor seeking to enter the market as a competitive ETC within a rural exchange area. For example, in CenturyTel's service area, no company could receive designation as a competitive ETC unless it is able to provide service in 53 separate, non-contiguous wire centers located across the entirety of Colorado. As explained below, this constitutes a significant barrier to entry. Specifically, without disaggregation of CenturyTel's service area, potential competitors desiring to serve even in substantial portions of CenturyTel's study area, but not in the entirety of that area, cannot be designated ETCs. And, therefore, competitors cannot receive the kind of universal service support now being received by CenturyTel.

B. Service Areas Proposed by COPUC

Petitioner requests agreement to redefine CenturyTel's service area to the wire center level, the same method chosen by CenturyTel to disaggregate its universal service support. As reflected in Attachment 1,³ CenturyTel elected to disaggregate universal service support pursuant to Path 3 (47 CFR § 54.315(d)). Under Path 3, a rural carrier may self-certify that it has disaggregated support to the wire center level or into no more than two cost zones per wire center. In its Path 3 filing, CenturyTel disaggregated universal service support to the wire center level for each of its 53 wire centers. Each of those wire centers was then assigned to one of two Zones. Specifically, CenturyTel designated seven of its wire centers as lower-cost, Zone 1 support areas; the remaining wire centers were designated by CenturyTel as higher-cost, Zone 2 areas. COPUC now suggests that each of these 53 wire centers be designated as separate service areas.

C. COPUC's Recently Adopted Rules Provide that a Rural Carrier's Method for Disaggregating Universal Service Support Shall also Function as the Method For Redefining Service Areas.

In Docket No. 01R-434T, COPUC recently adopted rules relating to universal service support partly in response to the Commission's decisions in *In the Matter of Federal-State Joint Board on Universal Service, Fourteenth Report and Order, Twenty-Second Order on Reconsideration, and Further Notice of Proposed Rulemaking in CC Docket No. 96-45, and Report and Order in CC Docket No. 00-*

³ CenturyTel's election to disaggregate and target support pursuant to Path 3.

256, 16 FCC Rcd. 11244 (May 23, 2001) (Fourteenth Report and Order).⁴ See discussion *infra* ~~X~~ COPUC's rules became effective on June 30, 2002. COPUC's new Rule 4 CCR 723-42-10 (Rule 10) follows the Commission's Rule 54.315 by directing rural ETCs to disaggregate universal service support pursuant to Path 1, 2, or 3--the same Paths established by the Commission. Notably, COPUC's new Rule 4 CCR 723-42-11 (Rule 11) then provides:

~~X~~ The (COPUC) will use the disaggregation plans of each incumbent Eligible Telecommunications Carrier established pursuant to Rule 10 not only for disaggregation of Colorado (High Cost Support) but also for the disaggregation of the study area of the rural incumbent local exchange carrier pursuant to 47 CFR Section 54.207 into smaller discrete service areas.

(COPUC Rules 10 and 11 are appended to this Petition as Attachment 2.) ~~X~~ Therefore, COPUC's rules now provide that CenturyTel's existing service area should be redefined in accordance with the Path 3 method CenturyTel elected for purposes of disaggregating support (*i.e.* to the wire center level).

As indicated in the decisions in which COPUC adopted Rules 10 and 11
(Attachment 3, Decision No. C02-319, Ruling on Exceptions; and Attachment 4, Decision No. C02-530, Decision Denying Application for Rehearing, Reargument, or Reconsideration),⁵ rural telephone carriers, such as CenturyTel, actively participated in COPUC's rulemaking docket through their association, the Colorado Telecommunications Association (CTA). Attachments 3 and 4 indicate that COPUC

⁴ In this decision, the Commission did consider the Joint Board's recommendations regarding the definition of rural service areas. COPUC's decisions adopting the rules in Docket No. 01R-434T also takes into account the Joint Board's recommendations, in part, through its considerations of the Fourteenth Report and Order.

carefully considered CTA's objections to redefining rural service areas consistent with the method for disaggregating universal service support (In those decisions), COPUC specifically determined that disaggregation or targeting of universal service support is critically related to disaggregation or redefinition of service areas for rural carriers.

Once support has been targeted to specific geographic areas, COPUC reasoned, no justification exists to delay the redefinition of service areas in the same manner. Such delay, in fact, would be anticompetitive. COPUC noted that, in prior cases, other carriers (i.e. Western Wireless and Northeast Colorado Cellular) had sought designation as competitive ETCs in various rural areas. Those carriers were unable to obtain that designation in some areas--including CenturyTel's service area--because they lacked the facilities to provide service throughout the entirety of those service areas. See discussion ~~infra~~⁵. The decisions point out that after universal service support for rural carriers is disaggregated concerns about cream-skimming by competitive ETCs would no longer exist.

[Handwritten signatures and initials: "MJP", "C. J. G.", "B. L.", and "recommends"]

For reasons such as these, COPUC determined that the method of targeting universal service support should also be the method for defining a rural carrier's service areas, and COPUC's Rule 11 reflects that determination. Consistent with those findings and Rule 11 itself, Petitioner suggests that CenturyTel's service area be redefined as set forth here.

⁵ Only the relevant portions of COPUC's decision is included in Attachment 3.

~~X~~

D. Defining CenturyTel's Service Areas to the Wire Center Level is Consistent with the Recommendations of the Joint Board

Section 214(e)(5) and Commission Rule 54.207(c)(1) require that the state commission and the Commission itself, when seeking to redefine a rural service area, take into account the recommendations of the Joint Board regarding areas served by rural telephone companies. COPUC asserts that redefining CenturyTel's service area in accordance with this Petition is consistent with the Joint Board's recommendations.

The Joint Board originally recommended that rural service areas remain the study areas of those companies, but implied that its recommendation might change as circumstances change. *Federal-State Joint Board on Universal Service in CC Docket No. 96-45*, 12 FCC Rcd. 87, para. 172 (November 8, 1996) (Joint Board Recommendation). ~~The Board stated~~ three reasons for recommending retention of the study area as the service area at that time.

First, the Board noted that some commenting parties expressed concern about cream skimming. By retaining a larger study area, the Board observed, the potential for cream skimming would be minimized, because competitors, as a condition of eligibility, would be required to provide services throughout the rural telephone company's study area. Competitors, thus, would not be eligible for universal service support if they sought to serve only the lowest cost portions of a rural telephone company's study area. *Id.* Second, the Board noted that the Act "in many respects places rural telephone companies on a different competitive footing with other local exchange companies." See Joint Board Recommendation, para. 173. Finally, the Board expressed concerned about the administrative difficulties rural companies may

encounter in calculating costs at something other than a study area level. See Joint Board Recommendation, para. 174.

(As reflected in the Commission's Fourteenth Report and Order, paras. 136-164, the Joint Board (through its Rural Task Force) has issued more recent recommendations on redefining rural service areas. The Fourteenth Report and Order (para. 137) noted the Board's continuing concern with cream skimming or "arbitrage" by competitive ETCs in rural service areas (In response to that concern,) the Board recommended that rural carriers be permitted to disaggregate and target universal service support under one of three Paths.⁶ Finally, the Commission, in the Fourteenth Report and Order, observed:

[W]e note the Rural Task Force recommended that the level of disaggregation of support be considered in determining whether to certify new eligible telecommunications carriers for a service area other than the entire study area of rural carrier study area. We believe that the level of disaggregation of support should be considered in determining whether to certify new eligible telecommunications carriers for a service area other than a rural carrier's entire study area to ensure that competitive neutrality is maintained between incumbent carriers and competitive eligible telecommunications carriers.

Fourteenth Report and Order, para. 164.

COPUC's suggestion to redefine CenturyTel's service area addresses the concerns expressed by the Joint Board. Perhaps the Board's greatest concern with defining a rural company's service area to be something other than its study area is the possibility of cream-skimming or arbitrage by competitive ETCs. However, the disaggregation and targeting of universal service support under Rule 54.315--

⁶ In fact, the Commission accepted the Joint Board's recommendation by directing rural companies to disaggregate support under Path 1, 2 or 3. *See* 47 CFR § 54.315.

provisions recommended by the Joint Board itself --largely eliminates this possibility. In adopting Rule 11, which states that the method for disaggregating support shall also serve as the method for redefining rural service areas, COPUC noted that disaggregation and targeting of universal service support resolved concerns about cream-skimming.

In this specific case, Petitioner notes that, pursuant to § 54.315, CenturyTel itself elected to disaggregate and target universal service support in its service area under Path 3. In making that election CenturyTel used the Benchmark Cost Proxy Model Version 3.0, with the FCC Common Inputs that were placed into the public record in CC Docket CC 96-45, to develop cost support factors to establish high-cost and low-cost zones. Seven of its lower cost wire centers were assigned to Zone 1 (low cost). The remaining 46 wire centers were designated as Zone 2 (high cost) wire centers. ~~CenturyTel~~ CenturyTel would receive universal service funding of \$29.02 per access line at a study area level. However, by targeting support and segregating its exchanges into high-cost and low-cost wire centers, CenturyTel will receive support of \$7.06 per access line for low-cost wire centers, and \$43.19 per line in high cost wire centers. Hence, the possibility of cream skimming by competitive ETCs has been minimized, if not eliminated. Competitive ETCs will not be eligible for universal service support at \$29.02 per access line in CenturyTel's service territory. If they choose to serve in CenturyTel's lower cost wire centers only, they will receive support at \$7.06 per access line only. The above discussion points out that the Joint Board (through the Rural Task Force) specifically recommended that the level of disaggregation of support be considered in determining whether to certify new eligible

telecommunications carriers for a service area other than the entire rural study area. Petitioner's suggestion here is consistent with that specific recommendation by the Board.

As noted above, in addressing the issue of redefining rural service areas, the Joint Board also expressed concern that rural carriers may find it administratively difficult to recalculate universal service support for service areas different than their study area. The above discussion, however, indicates that CenturyTel has already calculated support down to the wire center level. Therefore, there can be no concern here that CenturyTel will find it burdensome or even difficult to calculate universal service support based on its wire centers.

**E. The Act's Procompetitive Policies Suggest
Establishment of Service Areas at the Wire Center
Level for CenturyTel.**

Petitioner notes that two telephone companies (Western Wireless Holding Co., Inc., and N.E. Colorado Cellular, Inc.(NECC)) have already formally requested certification as ETCs in CenturyTel's wire centers in Colorado. As indicated in Attachment 5 (COPUC Decision No. C01-476), Western Wireless met the requirements for certification as an ETC for many areas of Colorado. Western Wireless was certified as an ETC for some regions of the state, but was unable to obtain that certification *for any* CenturyTel wire center, solely because it did not have necessary facilities to provide service *throughout the entirety* of CenturyTel's study area. Attachment 5, pages 21-27. NECC is in the identical position. NECC has received certification as an ETC for some areas in the state, but not in any CenturyTel

wire center.⁷ Again, the reason NECC has not been certified as an ETC in any CenturyTel wire center is that it lacks the facilities to serve *the entire CenturyTel study area*. Attachment 7 (a map of CenturyTel's study area indicating where Western Wireless' and NECC now provide service) demonstrates that Western Wireless and NECC have necessary facilities to offer service in a substantial portion of CenturyTel's study area, but not the entirety of that area. Petitioner suggests that, unless CenturyTel's study area/service area is redefined, competition and its attendant benefits will be limited in these regions of the state. Specifically, unless this Petition is granted, competitors will not be able to obtain certification as ETCs, and, therefore, will not be eligible for universal service support in CenturyTel's wire centers.


Entry of competitive ETCs, such as Western Wireless and NECC, into CenturyTel's service areas will promote competition in the local exchange market. However, maintaining CenturyTel's rural service area in a multiple, non-contiguous exchange configuration, in effect, precludes potential competitive providers from seeking ETC designation even for areas where those companies can provide service, and can meet all other requirements for designation as an ETC. CenturyTel will receive universal service support, but competitive providers will not. This circumstance is a barrier to entry. Petitioner submits that there are no countervailing considerations (e.g. the possibility of cream skimming by new entrants) which counsel against designation of competitive ETCs in CenturyTel's wire centers. As

⁷ COPUC designated NECC as an ETC in Colorado in Decision No. R01-1298 (Mailed Date of December 21, 2001). See Attachment 6.

such, universal service support should be available to competitive providers offering supported services in any CenturyTel wire center.

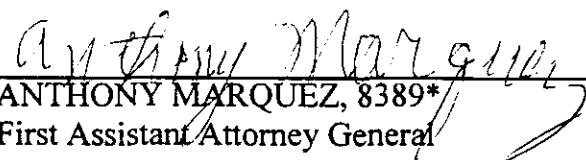
CONCLUSION

COPUC submits that rural areas of Colorado--there are many--should not be left behind in the move to greater competition in the local exchange market. COPUC concludes that the procompetitive goals of the Act would best be served by the designation of smaller service areas, to the wire center level, for CenturyTel.

 Therefore, Petitioner requests that, in accordance with 47 U.S.C. § 214(e)(5) and Commission Rule 47 CFR § 54.207, the Federal Communications Commission concur with COPUC's establishment of service areas for CenturyTel of Eagle, Inc. as the individual wire centers of CenturyTel. Each individual wire center of CenturyTel of Eagle, Inc. should be established as a separate service area for the designation of competitive ETCs.

Dated, this 1 day of August, 2002.

KEN SALAZAR
Attorney General


ANTHONY MARQUEZ, 8389*
First Assistant Attorney General
State Services Section
Attorneys for
The Colorado Public Utilities Commission
1525 Sherman Street, 5th Floor
Denver, Colorado 80203
Telephone: (303) 866-5380
*Counsel of Record

BEFORE THE FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554

CERTIFICATE OF SERVICE

I, Pamela Ponder hereby certify that I mailed an original and four (4) copies of the attached Petition by the Colorado Public Utilities Commission, Pursuant to 47 CFR 54.207(c), for Commission Agreement in Redefining the Service Area for Century Tel of Eagle, Inc., a Rural Telephone Company this 1st day of August 2002 by Federal Express overnight mail delivery, addressed as follows:

MARLENE H. DORTCH
OFFICE OF THE SECRETARY
FEDERAL COMMUNICATIONS COMMISSION
445 TWELFTH STREET, S.W.
WASHINGTON, D.C. 20024

And a copy by U.S. Mail upon each of the following:

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Monroe, LA 71211-4065

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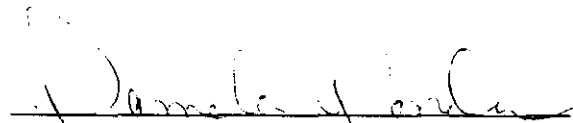
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Western Wireless Holding Co.
Briggs and Morgan, P.A.
2200 First National Bank Building
Saint Paul, Minnesota 55101

A handwritten signature in dark ink, appearing to read "Daniel J. Ayotte", is written over a horizontal line.

May 10, 2002

CENTURYTEL
RECEIVED

MAY 15 2002

PUBLIC UTILITIES COMMISSION
STATE OF COLORADO

Mr. Bruce Smith
Director
Colorado Public Utilities Commission
1580 Logan Street, OL2
Denver, CO 80222

Re: Certification of CenturyTel of Eagle, Inc., Study Area Code 462185, to Disaggregate and Target High-Cost Universal Support, pursuant to 47 C.F.R. 54.315 under Path 3

Dear Mr. Smith,

On behalf of CenturyTel of Eagle, Inc., Study Area Code 462185, I write to certify that CenturyTel of Eagle, Inc. elects to disaggregate and target high-cost universal service support under Path 3. This election is made for the four year period established in 47 C.F.R. ~~54.315(b)~~ and will remain in effect unless revised in accordance with in 47 C.F.R. 54.315(b)(4). The following enclosures demonstrate that the Company's plan complies with the requirements established by the FCC for Path 3 election and for disaggregation filings as set out in 47 C.F.R. ~~54.315(b)~~.

- documentation supporting our methodology and rationale
- map(s) of the study area

I certify that I am authorized to make such certification on behalf of CenturyTel of Eagle, Inc.

In the event you have any questions regarding this certification, please contact Arthur Martinez, Manager Government Affairs at 719-544-1305 or Arthur.martinez@centurytel.com. I can be reached at 318-388-9648 or Jeff.glover@centurytel.com.

Sincerely,

Jeffrey S. Glover

Jeffrey S. Glover
Vice President External Relations
For CenturyTel of Eagle, Inc.

Enc.

cc: Universal Service Administration Company, 2120 L Street, NW, Suite 600, Washington, D.C. 20037

ATTACHMENT 1

**CenturyTel of Eagle, Inc.
Study Area Code No. 462185**

Introduction

1. This filing is made on behalf of CenturyTel of Eagle, Inc., herein referred to as "CenturyTel", to propose the disaggregation of explicit federal high-cost support in its Eagle study area in the state of Colorado. This study area has been assigned the Study Area Code number 462185. This filing is made pursuant to the Order of the Federal Communications Commission in CC Docket Nos. 96-45 and 00-256 that was issued on May 23, 2001, that became effective on June 19, 2001. This filing is made pursuant to, and is consistent with, Section 54.315 of the rules of the Federal Communications Commission which specifies the requirements for disaggregation filings.

Total Study Area Support

2. The total amount of support available to this study area without disaggregation is summarized in the following chart:

Support Summary

| | | Monthly | Per Line |
|--------------------------------|-------|-------------|----------|
| High Cost Loop | HCL | \$1,728,776 | \$20.11 |
| Interstate Common Line Support | ICLS | \$33,773 | \$0.39 |
| Long Term Support | LTS | \$731,249 | \$8.51 |
| Local Switching Support | LSS | \$0 | \$0.00 |
| | Total | \$2,493,798 | \$ 29.01 |

Description of Disaggregation Plan

3. This study area contains 53 wire centers.
4. This plan establishes two support zones for the entire study area. It therefore meets the criteria established in 54.315 that support be disaggregated "into no more than two cost zones per wire center". This disaggregation is done differently for loop-related (i.e., HCL, ICLS, and LTS) and switch-related (i.e., LSS) support mechanisms. The precise means by which this disaggregation is performed are described in the following sections.

5. The disaggregation plan provides support as follows for the High Cost Loop (HCL), Interstate Common Line Support (ICLS), and Long Term Support (LTS), explicit federal support mechanisms: Since this study area serves over 50,000 lines it does not qualify for Local Switching Support (LSS).

| <u>HCL</u> | | <u>ICLS</u> | | <u>LTS</u> | | <u>LSS</u> | |
|------------|---------|-------------|--------|------------|---------|------------|--------|
| Zone 1 | Zone 2 | Zone 1 | Zone 2 | Zone 1 | Zone 2 | Zone 1 | Zone 2 |
| \$4.90 | \$29.94 | \$0.10 | \$0.58 | \$2.07 | \$12.66 | \$0 | \$0 |

6. Loop related support is composed of High Cost Loop (HCL) support (Part 36, Subsection F), Interstate Common Line Support (ICLS), and Long Term Support (LTS) (Section 54.503). All of these mechanisms provide support to carriers with high loop costs. While the exact methods by which these mechanisms calculate support are not identical, each mechanism provides support in a manner in which the higher the loop cost of the carrier, the more support the carrier receives. In disaggregating the loop-related mechanisms this methodology seeks to define a lower-cost zone (Zone 1) where relatively less loop related support is appropriate. The remaining support assigned to this study area is then distributed to the remaining lines in the study area (Zone 2) on a uniform basis.
7. The identification of the lower-cost zone was accomplished using a publicly available proxy model, the Benchmark Cost Proxy Model Version 3.0 with FCC Common Inputs that was placed on the public record in CC Docket 96-45 by the model sponsors Bell South, Sprint and U S WEST on December 11, 1997. Copies of this model may be obtained from the FCC's document vendor International Transcription Services. It is important to note that this model data is used solely for purposes of distributing the fixed amount of total study area support. Furthermore, even though the cost data was submitted in late 1997, it utilizes a forward-looking cost methodology and a network architecture that is currently used today, and that is similar to that used in the FCC's Hybrid Cost Proxy Model (HCPM). The results of the BCPM3 with FCC Common Inputs correlate very well with the results of the HCPM. The computed results of the HCPM for the non-rural study areas are not publicly available, whereas the results from the BCPM3 with FCC Common Inputs are. For this reason this data forms a publicly available and reliable basis for assessing the relationship of cost and density.
8. The 53 wire centers in this study area were ranked based on their corresponding monthly loop cost as identified by the BCPM3 (See Column B, Exhibit 1). The BCPM3 loop support per wire center is identified in Column E of Exhibit 1. It was determined by comparing the wire center cost per line (Column C) to 115% of the nation wide average cost per loop (\$31.07). This difference was then multiplied by the access line count to determine the total monthly BCPM3 loop support for the wire center.

9. We then developed a factor to reconcile the BCPM3 loop support to the total actual study area loop support. The reconciliation factor is the total actual monthly loop support for the study area divided by the sum of the BCPM3 loop support for all wire centers. The actual loop support per wire center is indicated in Column F and consists of the BCPM3 loop support multiplied by the reconciliation factor.
10. The seven lowest cost wire centers shaded on Exhibit 1 have been designated as Zone 1 (Column G). The remaining higher cost wire centers have been designated as Zone 2. Exhibit 2 is a map showing Zone 1 and Zone 2 wire centers.
11. The monthly loop support for Zone 1 is established at \$7.06 per line, this represents the total Zone 1 support divided by the total Zone 1 access lines on Exhibit 1. The monthly loop support for Zone 2 is established at \$43.19 per line, this represents the total Zone 2 support divided by the total Zone 2 access lines on Exhibit 2.
12. Switch-related support is composed of Local Switching Support (LSS) (Section 54.301). Since CenturyTel serves over 50,000 lines it is not eligible for switch-related support.

Total Disaggregated Support

13. The support provided by this disaggregation plan does not change the total support received by the study area. The total monthly loop support for Zone 1 (\$238,189) and Zone 2 (\$2,255,608) will produce this same level of total support indicated in Paragraph 2 above and the following chart:

| <u>Lines</u> | | <u>HCL Support</u> | | <u>ICLS Support</u> | | <u>LTS Support</u> | | <u>LSS Support</u> | | |
|--------------|--------|--------------------|-------------|---------------------|----------|--------------------|-----------|--------------------|--------|-------------|
| Zone 1 | Zone 2 | Zone 1 | Zone 2 | Zone 1 | Zone 2 | Zone 1 | Zone 2 | Zone 1 | Zone 2 | Total |
| 33,720 | 52,228 | \$165,120 | \$1,563,656 | \$3,226 | \$30,547 | \$69,844 | \$661,405 | \$0 | \$0 | \$2,493,798 |

14. Based upon the foregoing, CenturyTel certifies that it meets the requirements of Part 54.315 of the FCC rules for this disaggregation plan.

| | |
|------------|--------|
| Study Area | 462185 |
| Company | T149 |

| | |
|-----------------------|----------------|
| National Average Cost | \$27.02 |
| Cascade Benchmark | 115.0% |
| Funding | <u>\$31.07</u> |
| Access Lines | 85,948 |

05/4 9/2000

| CLLI | Wire Center | Monthly Cost | Access Lines | Loop | | |
|----------|------------------|--------------|--------------|------------------|----------------|------|
| | | | | Support Required | Actual Support | Zone |
| OTISCOXC | Otis | \$88.32 | 452 | \$25,876 | \$27,761 | 2 |
| LKCYCOXC | Lake City | \$90.78 | 1,045 | \$62,394 | \$66,940 | 2 |
| COBNCOXC | Collbran | \$93.91 | 833 | \$52,343 | \$56,157 | 2 |
| WLDNCOXC | Walden | \$93.95 | 1,147 | \$72,120 | \$77,375 | 2 |
| HWRDCOXC | Howard | \$93.99 | 1,666 | \$104,820 | \$112,458 | 2 |
| MCCYCOXC | McCoy | \$103.90 | 341 | \$24,834 | \$26,644 | 2 |
| GRNRCOXC | Gardner | \$107.39 | 404 | \$30,832 | \$33,079 | 2 |
| LKGRCOXC | Lake George | \$113.97 | 2,551 | \$211,470 | \$226,880 | 2 |
| MESACOXC | Mesa | \$118.43 | 519 | \$45,338 | \$48,642 | 2 |
| RFLKCOXC | Red Feather Lake | \$120.24 | 1,301 | \$116,006 | \$124,460 | 2 |
| TWBTCOXC | Two Buttes | \$139.85 | 125 | \$13,597 | \$14,588 | 2 |
| WSTNCOXC | Weston | \$171.39 | 525 | \$73,666 | \$79,034 | 2 |
| BASNCOXC | Branson | \$179.27 | 96 | \$14,227 | \$15,264 | 2 |
| GFFYCOXA | Pikes Trail | \$183.82 | 105 | \$16,038 | \$17,207 | 2 |
| MYBLCOXC | Maybell | \$209.14 | 151 | \$26,888 | \$28,847 | 2 |

Total \$58.04 85,948 \$2,324,419 \$2,493,798

| | | | | | Loop Support Per Line | Switch Support Per Line |
|--------|---------|--------|-----------|-----------|-----------------------------|-------------------------------|
| Zone 1 | \$37.45 | 33,720 | 222,012 | 238,189 | \$7.06 | \$0.00 |
| Zone 2 | \$71.33 | 52,228 | 2,102,407 | 2,255,608 | \$43.19 | \$0.00 |

CenturyTel of Eagle
Study Area #: 462185

